



IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner
CHAIR

Kathleen Kohorst
Kelly Dolan Lange

Timothy L. Lapointe
Robert F. Holz

Mary Mosiman
Robert von Wolfradt

Ric Lumbard, Executive Director

Governor Kim Reynolds

Lt. Governor Adam Gregg

Iowa Telecommunications & Technology Commission Grimes State Office Building, 1st Floor 400 E. 14th Street, Des Moines, IA 50319 October 19, 2017, Minutes

To ensure the most efficient use of State resources, the October 19, 2017, ITTC meeting was held via telephonic conference pursuant to Iowa Code section 21.8. A telephonic conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance via Phone Bridge.

- **Roll Call:**

- **Commissioners Present:**

Richard Bruner, Chair (on-site)
Kelly Dolan Lange, Member (Zoom)
Kathleen Kohorst, Member (Zoom)
Bob Holz, Member (on-site)
Timothy Lapointe, Member (on-site)
Robert von Wolfradt, Ex-Officio (on-site)

- **Iowa Communications Network Staff Present:**

Phil Groner, Chief Operating Officer, Acting Executive Director
Deb Evans, Agency Division Administrator
Mark Johnson, Chief Administration Officer
Randy Goddard, Business Services Officer
Scott Pappan, Carrier Services Officer
Mike Cruise, Finance Services Officer
Dave Marley, Field Services Officer
Ryan Mulhall, Security Services Officer, Jekard Operations Officer
Jessica Jensen, Executive Administrator, ITTC Board Administrator
Lori Larsen, ICN Communications
TJ Boulet, Legislative Liaison

- **Guests:**

Sean Cory, Century Link
Mike Meyers, Century Link
LeAnn Coe, Century Link
Ray Warner, Aureon
Christin Mechler, Legislative Services
Jeff Peterzalek, Attorney General's Office

- **Call to Order:**

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- Chair Bruner called the meeting to order at 10:30 a.m. It was noted that a quorum of members was present for the meeting.

- **Approval of September 21, 2017, Meeting Minutes:**

- Chair Bruner requested a motion to approve the September 21, 2017, meeting minutes. Commissioner Holz moved to approve the minutes, and Commissioner Lapointe seconded the motion. The motion passed unanimously.

Commissioner Holz – Yes
Commissioner Kohorst - Yes
Commissioner Lange - Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

- **New Business:**

- **ICN Agency Updates**

- **Agency Division Update - Deb Evans**

Finance is working on putting together the financial information that are incorporated into the annual report. They are also working on completing the SWCAP Report (Statewide Cost Allocation Plan) that is due at the end of the month. There is currently an Request for Proposal (RFP) for Ethernet and data that will be closing soon. Finance is installing and testing new modules in the Microsoft Dynamics SL (Solomon System), which is currently the general ledger on the financial system. This system will be linked to the new billing system.

There have been two kickoff meetings with the new vendor, Calero that will provide the new billing system. Implementation will begin next week with the vendor being onsite. There has been a program manager appointed as well as a project manager, and subject matter expert (SME's) for the implementation.

Business Services continues to work on the community college RFP that is due in November. The group is also transitioning current customers from the legacy voice platform, as well as securing new customers for MVS. The GeoMax should be installed in JFHQ sometime in November, which is a high speed, high capacity, multi-protocol data networking solution.

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ICN did win a portion of the 911 RFP, which will be discussed in further detail later in the meeting. The team that compiled the response and made the presentation did an excellent job.

COMMENTS:

BRUNER: Do you have a timeline on the financial system?

CRUISE: It will be at least nine months. We will hopefully have it fully operational by the beginning of next fiscal year.

▪ **Financial Report - Mike Cruise**

In reviewing the Lead schedule, September FY18 budget to actual report, it was reported that the monthly budgeted operating margin was -\$722,067.45 with an operating margin percent of -28.40%. The year-to-date totals for the month of September operating margin is -\$1,063,253.90 with a margin percentage of -13.99%. The year-to-date budget through September is at an operating margin of -\$437,526.07 with the margin percentage of -5.36%. Comparing the budgeted margin to the actual margin the ICN is roughly \$600,000.00 less than what we expected for this time. Most of that is attributed to the drop in revenue which is displayed by the total revenues budgeted versus total revenue actual. The ICN is down approximately \$450,000.00 compared to budget. The remaining balance is for the remaining expenses that we have booked. There are no unusual items to report for the month.

COMMENTS:

KOHORST: Do we need to amend our budget or do you feel we can recoup the difference?

CRUISE: We will not amend our budget this fiscal year. We will take it in as a factor for next year, but we do not change our budget throughout the year.

BRUNER: Randy could you please recap why we are under on the budget?

GODDARD: Last year ICN made a considerable adjustment to the Internet rates for our education customers so that the ICN rates would be competitive. At the same time we allowed the Area Education Agencies to adjust their bandwidths. In the past, we had a revenue neutral model where they continued to purchase additional bandwidth even when they were not using it. The ICN made a one-time adjustment which factored in the decrease of revenues as well as the bandwidth rates. The ICN was aware that this change

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would impact it. However, the ICN did not know how much it would lower the revenue until after the E-Rate enrollment period ended. The ICN plans on recouping much of the lost revenue with the new service products that are being released, and the ICN sees favorable responses from the DDoS service. The Aramid firewall product was released right before the E-Rate season closed, so there was not much time for them to purchase the service last season. We see a favorable response to the services with other agencies and schools placing orders for the services. Another new service that the ICN will be offering is the co-location service.

BRUNER: So we have products out there that will help close the gap, we just don't know exactly how much yet.

GODDARD: Forecasting is the solution moving forward.

▪ **2016 Audit Report - Deb Evans**

Four items were addressed in the FY16 Audit Report. The first item was the GAAP (Generally Accepted Accounting Principles) package for lessor operating leases. The ICN understated on two items, the other post-employment benefits and the rental expenses. The ICN responded by establishing procedures that will be implemented to be reviewed independently by a qualified individual before submission to the GAAP team. The second item is password controls. The ICN had legacy systems within finance for which passwords were not required to be changed, and a team determined how to initiate password change prompts. It was completed in the middle of FY16. However, it was still a comment because finance went a half a year without the password controls. There was a comment regarding the capital assets where transfers were not being processed in a timely fashion. It has been reviewed, and the ICN is now making certain that they are processing transfers on time. The last comment was related to a statutory requirement relating to TSB (Targeted Small Businesses). We are required to estimate the amount of business with TSB each year. When we have a year with a large dollar amount of TSB purchases the agency is required to set the goal at that spending level the following year. The ICN will continue to work on the estimating portion, but most likely this comment will continue to be part of the audit each year. It is hard successfully meet the TSB requirements when there are large one time purchases.

The processes for the ICN's sole source agreements as well as the travel coordination processes have been reviewed. New processes have been established that will allow for double signatures for the processes moving forward. We will continue to review our internal processes for the purpose of identifying improvements.

COMMENTS:

BRUNER: Great work and please continue to look at other items as well.

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▪ 911 RFP Update - Randy Goddard

During last year's legislative session Homeland Security was tasked with the job of looking at potential cost savings that could be achieved through the aggregation of two separate networks that are currently in place (wireline and wireless 911 networks). The second part of the cost savings that was addressed was the fact that there are 113 PSAPs (Public Safety Answering Point) and each PSAP has their own call handling equipment. Smaller counties that don't have the call traffic to justify such high equipment costs end up with an average cost of over \$900.00 per call; then there are PSAPs that receive a high number of calls which average out to approximately \$3.00 per call after factoring in maintenance costs. Most counties are protective of their PSAP call centers, so the route that Homeland Security is taking is equipment consolidation, and not consolidation of PSAPs. This would mean moving away from 113 separate operating systems to hosted centers that would provide the service to multiple PSAPs.

The RFP that was released by Homeland Security was looking for two separate pieces. The first piece will provide the aggregation of the calls and the second piece will cover the hosted solution element. Eleven (11) companies responded to the RFP in which one company bid on both parts of the RFP. On September 20, 2017, the ICN team presented the solution to Homeland Security. On September 27, 2017, the ICN received the letter of intent to award for the aggregation portion of the RFP. The hosted solution portion was awarded to Zetron, Inc., Redmond, WA. This is also a win for the ICN due to the connectivity that the ICN has to each PSAP in the State of Iowa, and Zetron has indicated they would like to utilize those connections to deliver the hosted solution. There were seven key factors provided for the explanation of why the ICN was selected for the aggregation portion. Those factors included: 1) dedicated network to public safety that is public safety grade; 2) protected fiber routes; 3) protected power with generator backup; 4) redundant equipment; 5) limited maintenance and downtime; 6) compliance with public safety grade service level agreements; and 7) the ICN NOC is local and manned 24/7 as well as the technicians that are deployed statewide. The decision also came down to cost savings for taxpayers in the State of Iowa. The current wireline network costs approximately \$2.4M annually, and the new solution provided by the ICN is approximately \$1.2M. It will be half of the cost with a better solution for public safety in Iowa.

The next steps include legislative action and outreach. Homeland Security will be proposing legislation for consideration during the 2018 legislative session. All wireline services have a \$1.00 service fee each month. The local PSAPs will continue to keep that fee. Homeland Security will finance the build-out of the network as well as the ongoing maintenance fees. Statewide outreach to the PSAPs discussing the new solution will be provided by Homeland Security and ICN. There has been positive feedback regarding the ICN being a provider.

COMMENTS:

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LAPOINTE: Is this comprehensive and statewide and are there areas that will be unaffected by this?

GODDARD: It will be statewide, and the 150 plus local telcos will connect to the network, and the calls will be routed from there.

LAPOINTE: That is great.

BRUNER: Congratulations to the ICN team that was part of the RFP process. It looks to be a much more secure network and will save about \$1M too. Well put together and well presented and we got the outcome that we wanted. Great job.

○ **ICN Carrier Updates**

▪ **Carrier Division Update - Mark Johnson**

The NOC (Network Operations Center) has been under review, and the ICN is currently moving out old ICN equipment to redesign the NOC for future uses.

The ICN received the draft audit back from Olsson Engineering for the power upgrade. The audit did require some updates after a few corrections. The most recent draft is currently being worked through. The ITB (Invitation to Bid) for the power upgrade for the identified sites is getting finalized as well as a co-location agreement.

SP43, the switch point facility near Tiffin, IA, is being redesigned. It is located near the I380 and I80 interchange. This is a DOT and ICN facility. The work being completed on the facility is estimated to be complete by October 1, 2018.

The new video platform, Pexip, should be converted over the December holiday timeframe. The conversion should speed up the sunset date of the current MPEG video platform that is scheduled for June of 2018.

COMMENTS:

BRUNER: Anyone that has been out to the NOC knows that there is much equipment out there, which requires a lot of power. It sounds like they are in the process of getting rid of what we don't need.

JOHNSON: The team has also had to consult with Commissioner von Wolfradt's staff as well because we have old PC equipment and some pretty old stuff.

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BRUNER: That was my other question. Are we going to affect anyone else?

MARLEY: We are looking forward to moving to the new video platform. That will allow us to remove the legacy ATM platform, which is statewide. As we move more into Jekard, we will progressively turn things down.

▪ **Jekard Update - Ryan Mulhall**

On November 1, 2017, the Jekard customer portal will be launched for customer use. The notification is going out to customers today. The announcement will provide customers with the “Go Live” date as well as what they will be able to do in the new portal. The initial operating capability will allow ICN customers to order services, move or change services, update customer information, and find answers to frequently asked questions.

On January 1, 2018, the ICN will launch ServiceNow agency-wide where customers will then be able to submit service requests, submit incidents, report outages, and see status updates. The away team and Aeritae have done a great job with all the planning that has gone into this. Business Services, other departments, and the NOC have been a big help in getting this process moving towards the deadline.

COMMENTS:

BRUNER: November 1st is getting close.

MULHALL: Yes.

BRUNER: That’s a big improvement. Get the portal open. Good job to everyone involved in this project.

○ **ITTC Updates**

▪ **ACTION:** ICN Personnel Item, Closed Session - Chair Richard Bruner

Commissioner Lapointe moved that the ITTC go into closed session for the purpose of discussing an ICN personnel matter per Iowa Code 21.5(1) which permits a government body to go into closed session. Commissioner Holz seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Holz – Yes
Commissioner Kohorst - Yes
Commissioner Lange - Yes
Commissioner Lapointe – Yes

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Commissioner Bruner – Yes

The Chair asked for a motion to recess the October ITTC Meeting to go into closed session.

Commissioner Holz moved to recess the October ITTC Meeting. Commissioner Lange seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Holz – Yes
Commissioner Kohorst - Yes
Commissioner Lange - Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

The open meeting recessed at 11:13 AM.

Following the conclusion of the closed session, guests were invited to rejoin the meeting. The Chair reconvened the October ITTC meeting at 12:30 p.m. and opened the floor to a motion.

Commissioner Lapointe moved with regards to the matter discussed in closed session, the ITTC acts in accordance with the Iowa Department of Administrative Services' rules as discussed with legal counsel in closed session. Holz seconded the motion. A roll call vote was taken and passed, as follows:

Commissioner Holz – Yes
Commissioner Kohorst - Yes
Commissioner Lange - Yes
Commissioner Lapointe – Yes
Commissioner Bruner – Yes

- **Other Business:**

- **Adjournment:**

Commissioner Kohorst moved that the meeting be adjourned. The ITTC meeting adjourned at 12:45 p.m.

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ATTESTED TO:

Richard Bruner, Chair, Iowa Telecommunications and Technology Commission

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